

These are the minutes of the Regular Session of the City of Adams, WI held on September 20, 2010 in the City Municipal Building.

Meeting was called to order by Council President Jensen. On roll call were Alderpersons Jensen, Newberg, Scott, Suhr, Mayor Williams, Administrator Ellisor, and Chief Hanson. Baumgartner, Manthey, Attorney Pollex, and Street Superintendent Mead were excused.

Motion by Newberg, second by Suhr to approve the minutes of the September 7, 2010 meeting as printed. Roll call vote, all voted aye.

Petitions and Communications: None presented.

Report of Standing Committees:

Public Works Committee:

A discussion was held relating to the purchase of an engine to pull and clean Well Pump rehabilitation based on our Safe Drinking Water Loan.

Well #5 went on line September 2 and is still being fine tuned for most efficient operation. Also, it needs surface restoration.

Discussion was held regarding development of a Certified Survey Map designating street right-of-ways for the South Business Park. Committee recommended that the street servicing the South Business Park be designated as "Industrial Drive".

Recommendations were made to reduce the City Dumpster Contract from current service to a two dumpster service located on City Garage grounds.

Looking for a natural gas engine for back up engine for Well House #4 to be purchased using the Safe Drinking Water Loan.

Public Safety Committee:

Recommendations were made to allow Chief Hanson to fine WRC \$500 plus cost's for their Tobacco Violation.

Motions were made to approve the Building Inspector's Report.

No discussion was held relating to Municipal Court.

Discussion was held regarding the cost of City Officer's assisting Adams County Sheriff's Department and surrounding townships. Motions were made to approve the Police Report.

Fire District:

Chief's Report:

There were 8 calls.

A discussion was held to advertise for sealed bids for 1989 Pick-up truck. Also, discussed the district agreement.

Report of City Officers:

Mayor Williams: Reported that he was out on vacation for awhile. He stated Burt Morris has agreed to donate land to add to the ditch in Burt Morris Park so that we can spread it out to hold more water. That will be free and we will try to realign the property lines and that will be done for nothing. So this is another gift from Burt Morris that he is willing to work with us on. The new well is up and running. He asked Administrator Ellisor if it has been totally adjusted yet? Administrator Ellisor replied he believes it has been, and that is one of the reasons he is meeting with the engineers tomorrow. Mayor Williams stated that well is producing the cleanest water of any of the wells we had in the City, its nice to see that well come online.

We don't have to worry about too many chemicals going in, there are some that are required and we can't get away from that. We will soon have it down to nothing. The South Business Park, we continue to work on that, there are a few things that need to be approved yet, property rights and so on. But it's ready to go in to the government for their final approval so that we can begin to solicit bids for to finish that project off. We would like to at least get the first coat down yet this year if it is possible.

Administrator Ellisor: Reported the plan specs are pretty much completed and ready to send into the EDA for review. We do need to have a Planning Commission meeting which needs to be published to formally dedicate the road right of ways in the Business Park. We are looking at a meeting two weeks out for final approval before going out for bids. He is primarily working on 2011 budget matters now, as it's that time of year, and we are on track with the current budget. He is assembling all the information that we need to get together for it right now is the stage we are at. The Finance Committee will be having longer meetings going over the budget.

Mayor Williams stated the one thing we will be looking at is no increase in taxes for the City of Adams, which means no fussing around with money without any increase. We have done it in the past, we did it last year, no fussing around, it may mean some tightening, it probably will mean tightening as we know the State will give us less money. On the other hand, we have gotten a few gifts; we received \$22,000 from the sale of Smurfit stock and a couple of other things. We will do our best, and Bob's instructions are no increase, just no increase for the City of Adams.

Chief Hanson: Reported that Saturday is "Take Back" day for anyone wishing to dispose of their unwanted and outdated medications. It is held at the Community Center from 10:00 a.m. to 2:00 p.m. The highway safety grant was approved and he is placing the order for the equipment. He has not received any word on the COPS Grant.

New and Unfinished Business:

Tara Bast, Johnson Block and Company, Inc. issued the 2009 audit report on September 10, 2010. She reviewed their unqualified opinion of the audit report with the Council. The Statement of Net Assets that is the full accrual basis of accounting. It includes the balance of capital assets and any outstanding debt at the end of the year. There was minimal amount of capital assets during 2009, but net capital assets did decrease by approximately \$219,000. Due to the recording of the annual depreciation expense. Total outstanding debt decreased by approximately \$379,000 this included \$22,500 in mortgage revenue bonds issued by the water & sewer fund, which was the net overall decrease. Unrestricted Net Assets decreased by approximately \$10,000, the unrestricted portion means there are no restrictions from outside parties or any legislation.

The Statement of Activities, full accrual basis of accounting. There was a decrease in total Net Assets of approximately \$3,000, due to an increase in governmental activities of approximately \$216,000 but a decrease in the water & sewer business type activities of \$219,000. The majority of the revenues on the government wide statements include property taxes which are 27% of the City's revenue and charges for services which make up 35% of revenue.

The Balance Sheet, this is the modified accrual basis of accounting. Where capital assets that are purchased during the year and debt payments that are made are recorded as expenditures. It includes receivables and deferred revenues related to special assessments. The unreserved/undesignated portion of fund balance and the fund balance for the general fund was approximately 61% of the general fund expenses. Meaning, the City has seven months of expenses in the reserved in the undesignated unreserved/undesignated fund balance.

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Statement of Revenues, Expenditures and Charges in Fund Balances, the total change in fund balance is a positive of \$32,000, due to a combination of increases in the general fund and street maintenance fund and a decrease in TID's 2 & 3 and the non-major funds. 88% of the governmental revenue was from property taxes and intergovernmental revenues. While the main expenses were public safety, public works and any debt service principal and interest payments which made up 68% of expenses.

The Propriety Fund shows the water & sewer fund statement. The water & sewer fund shows an operating loss of \$52,535, while total change in net asset total decrease is \$119,000. Contributing factors to the operating loss will decrease operating revenues of approximately \$12,000, and an increase of operating expenses of approximately \$14,000. The overall operating loss is 37% operating expenses is related to appreciation expenses charged during the year. The overall loss for the fund was also related to \$247,000 in interest expense related to debt.

Ms. Bast gave an overview on their communication letter in accordance with Government Auditing Standards on Internal Control. The material weakness noted is the City's reliance on the auditors preparing financial statements. This is very common and they have little or no clients that prepare their own financial statements. The other noted item a significant deficiency related to lack of segregation of duties, due to the small staff size. They recommend the Councils oversight and continue looking at internal controls in areas where the City could improve.

She also gave an overview of the Management Letter on their recommendations. They stated the City should monitor utility rates and the losses. There is a new GASB 54 coming out that requires new fund balance accounting, and new net asset accounting.

Mayor Williams stated that the water & sewer utility is the biggest problem. Ms. Bast replied it has shown an operating loss over the last few years. The City does have a lot of new infrastructure which increases the depreciation, which is a non-cash expense.

Administrator Ellisor stated the loss reported with the utility is a non-cash expense situation tied largely to depreciation and it's always been the City's choice not to attempt to fund the depreciation in addition to paying for the new infrastructure. You already have incurred the debt for the new infrastructure, to try to fund the depreciation would be trying to pay for the infrastructure replacement end in the future, and so that's primarily a political decision to do that, but it's a wise decision, because the City would not be in a good position to pay for the future infrastructure and also the rates would have to be astronomically increased to do so. He also commented on the rate review that comes up every year that is recommended, at some point, that can very well be the case but on prior budgets he has made a note to point out on the utility rates, we have a water & sewer loan that's due for retirement in about two years. Once that loan is paid off the water & sewer utility will be in a better cash flow. The report is looking like it has a down side to it; it does need to be acknowledged, at the same time, the City of Adams utilities are in very good standings.

Chief Hanson addressed the issue sale of tobacco to underage persons. He introduced Jennifer Froh, WI Wins – South Central Wisconsin Tobacco-Free Coalition to answer any questions Council may have. He stated that in 2007 he started all businesses out with a warning, since that time, the only violations occurred at WI River Coop - Cenex Pump 24. There were violations in December 2007 where a warning was issued, in June 2008 a citation of \$186.00 was issued; July 2009 a citation was issued for \$389.50, and another violation in July 2010. This is the fourth violation since 2007. The department recommends a fine of \$500.00 plus court costs, total \$767.50. Chief Hanson stated that he has had correspondence

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with Attorney Pollex as what the City can and can not do. He presented a letter with limits to the Safety committee and to Mayor Williams that he received from Attorney Pollex and the State. He stated in the beginning, he did want to revoke their license, according to Attorney Pollex, we are unable to do that. At the Public Safety meeting, the most we could fine was \$500 plus court costs, which the maximum penalty is allowed at this time.

Mayor Williams questioned if the Policy & Procedure Committee and Council added to ordinance the disciplinary action after all of these offenses. Chief Hanson replied, according to Attorney Pollex we can not be any stricter than what the State requirements are right now. Mayor Williams asked if or when the Coop renews their license, do we have the right not to renew it. Chief Hanson stated license come renewed July 1st, he recommends talking to Attorney Pollex, but his opinion is yes, you would have a right to refuse their licensing at that time. Mayor Williams stated he will not be here, but that is something that the Council may wish to consider.

Ms. Froh stated that they are contracted with the State to do the compliance checks in Adams, Juneau, Richland and Sauk Counties. Mayor Williams asked is there anything wrong, with them taking a individual of the appropriate age, with improper identity and doing some of their own checks to help prevent or train their employees. Ms. Froh stated she does not know the answer to that; however, there are programs out there available to businesses to help train their employees. There is a program online training that their employees can go through and print out a certificate when completed. They have provided that information to the Coop, at the prior incident. Mayor Williams stated he believes they are doing that, and established controls on their cash registers and to screen the card automatically. Ms. Froh stated that Chief Hanson has and continues to follow protocol on the program, and they continue to do as much education that they can.

Mayor Williams asked as to how often they do these checks. Ms. Froh stated they are contracted to do a certain number of checks in Adams County. By State Statutes, they are allowed to check businesses twice in one year. Scott questions the protocol as to when they send someone into a business do they have fake ID's. Ms. Froh stated that they work with youths between the ages of 15-17, they are allowed to carry their own government issued identification, being drivers license, or whatever. When the youth enters the store and if asked their age, the youth are required to tell their true age. If they are asked for identification, they are required to give their own ID; they do not use any fake identification. The youths that are 15, would not probably have any identification. If asked they state they do not have it. Chief Hanson stated that the program is not an entrapment process, they are upfront and very forward. The kids are who they are and the ID's are who they are.

Ms. Froh stated that every year prior to the checks, a letter is sent to all tobacco license holders stating that they will be out and they will be checking again. Their ultimate goal is to keep tobacco out of the hands of our youth. **Motion by Newberg, second by Scott to approve the fine in the amount of \$500 plus court costs for the total of \$767.50 to Wisconsin River Coop – Cenex Pump 24. Roll call vote: Newberg, Scott, and Suhr – yes, Jensen – abstained. Motion passed.**

Motion by Suhr, second by Jensen to approve the revised – option 4 for refuse and recycling container service. (Changes made: Public Works building 2 – six yard dumpsters, one recycling and one for refuse. The two yard dumpster at the WWTP will remain the same and the 2 – two yard dumpsters at City Hall, one for refuse and one for recycling will be eliminated. The 3 dumpsters to be emptied once a week) Mayor Williams stated that this was recommended from the Public Works Committee, and if it presents a problem, we can always go back to where we were. We do have problems out there with bed springs, TV's; it's being

dumped outside the fence or wherever. There is a good share of that coming from people that do not live in the city limits. He asked Chief Hanson to have some part time officers spend some time out there on the weekends in October, and site those that disregard the signs. **Roll call vote: Jensen, Scott, and Suhr – yes, Newberg – no. Motion passed.**

Motion by Newberg, second by Scott to approve Trick-or-Treat hours for Sunday, October 31, from 4:00 P.M. to 7:00 P.M. Roll call vote, all voted aye. All voted aye.

Motion by Newberg, second by Jensen to approve issuance of an operator's license to Jacqueline K. Liebaert. All voted aye.

Motion by Jensen, second by Suhr to Pay the Bills. All voted aye.

Motion by Newberg, second by Jensen to adjourn. All voted aye.

Meeting adjourned at 6:40 p.m.

Respectfully Submitted,
Janet L. Winters
Clerk/Treasurer